



# Property Tax Assessment Limits

How do states limit property tax increases?

**Property taxes are calculated using a percentage of the home's market value.**

Property taxes are calculated using the "assessed value" of a home. The assessed value is a percentage of the market value, or the dollar amount for which the house could be reasonably sold, which is determined by the county assessor. The assessment value is then multiplied by the local tax rates levied by entities such as school districts, fire protection services, and other local public services, to determine the property taxes owed. More information about factors influencing property taxes is available in the [Property Taxes & Home Values Science Note](#).

MO property tax bills are among the lowest in the nation ([Pacquin et al., 2020](#)), but homeowners may experience steep increases in property taxes if the market value of their home rises rapidly. Other states have instituted less frequent assessments and assessment caps to limit the growth of property taxes.

## Research Highlights

Reducing property assessment frequency causes unexpected increases in taxes following reassessments.

Reducing assessment frequency increases disparities in home assessments and results in newer and lower value properties paying more.

Caps on assessment increases shift the tax burden to newer homeowners and cause delayed homeownership in younger generations.

## Less frequent assessments shift the tax burden to newer homeowners and lower value properties.

Currently, 37 states assess property at least once every 3 years, with 27 of those states assessing property annually. Some counties in PA do not reassess property at all ([Paquin et al., 2020](#)). Property owners in these counties pay taxes on the value of the property as determined at its last assessment in either the early 1970s or 1980s, depending on the county. Newer homes are assessed the year they are built ([PA Legislative Budget and Finance Committee, 2010](#)). These less frequent assessments have significantly reduced local revenue and create a greater tax burden on newer and lower-value properties ([Weber et al., 2010](#); [McMillen & Singh, 2020](#)).

Less frequent assessments also result in unexpected increases in tax bills when properties are reassessed ([Alm et al., 2016](#)). This is especially impactful if the assessment is

